



HEMADRI CEMENTS LIMITED

34th Annual Report

2015 - 2016

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HEMADRI CEMENTS LIMITED

CIN : L26942AP1981PLC002995

Regd Office & Factory: Vedadri Village, Jagayyapet Mandal, Krishna District, Andhra Pradesh

ATTENDANCE SLIP

Member's Folio/DP ID Client ID No.	
Member's / Proxy's name in Block Letter	
No. of shares held	

I/We hereby record my/our presence at the 34th General meeting of the company, to be held on Wednesday, 28th September 2016 at 3.00 pm

SIGNATURE OF SHAREHOLDER/ PROXY

**BOOK - POST
PRINTED MATTER**

If Undelivered, please return to :



XL Softech Systems Ltd.
(Unit : Hemadri Cements Ltd)
3, Sagar Society, Road No. 2
Banjara Hills, Hyderabad - 500 034.

PLEASE NOTE :
No. gift/coupons
will be given at the
AGM

BOARD OF DIRECTORS

SHRI PACHAMUTHU RAVI	CHAIRMAN
SHRI K. GOPI PRASAD	MANAGING DIRECTOR
SHRI GOPALSAMY RAJAN	DIRECTOR
SHRI DBN RAO	DIRECTOR
SHRI B. RAMACHANDRA RAO	DIRECTOR
SHRI PACHAMUTHU SATYANARAYANAN	DIRECTOR
SHRI RA.NADESAN	DIRECTOR
SHRI VIVEK SIVARAMAN	DIRECTOR & CEO
SMT R. ANANDA PRIYA	DIRECTOR

AUDIT COMMITTEE

SHRI RA.NADESAN
SHRI K. GOPI PRASAD
SHRI G.RAJAN
SHRI B. RAMACHANDRA RAO

COMPANY SECRETARY

MR. VELLI PARAMASIVAM

AUDITORS

M/s B.Purushottam & Co.
Chartered Accountants
3A, Pioneer Homes III Floor,
23A, North Boag Road,
Chennai - 600 017

BANKERS

Axis Bank
Bank of India
City Union Bank
State Bank of India
State Bank of Hyderabad

ADMINISTRATIVE OFFICE

No.3, Veerasamy Street,
West Mambalam, Chennai 600 033.

REGD. OFFICE & FACTORY

Vedadri Village - 521 457
Jaggayyapet Mandal
Krishna District, Andhra Pradesh.
Phone : (08678) 284538

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 34th Annual General Meeting of the Members of **HEMADRI CEMENTS LIMITED** will be held on 28th September 2016 Wednesday, at 3.00 p.m. at Vedadri Village, Jaggayyapet Mandel, Krishna District, A.P. State to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2016, the Directors' Report and Auditor's Report thereon.
2. To appoint a Director in the place of Shri. P.Ravi (DIN: 00675665), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri. Sivaraman Vivekanandan Murugan (DIN:05223790), who retires by rotation and being eligible, offers himself for reappointment.
4. To reappoint Statutory Auditors

Special Business:

5. Revision of remuneration to Shri.Sivaraman Vivekanandan Murugan, CEO & Director of the Company:

*To consider and to vote on the following resolution as an **Ordinary Resolution**:*

"RESOLVED THAT the remuneration payable to Shri. Sivaraman Vivekanandan Murugan as CEO & Director is and be hereby revised to Rs.4,50,000/= (Rupees four lakhs fifty thousand only) per month with effect from 1st April 2015 and other perquisites like PF, Bonus, Leave Encashments etc., as applicable as per Company's policy and with an increase of Rs.50,000/= per month (Rupees Fifty Thousand Only) from 1st April of every financial year or as might be decided by the Board in this regard. This shall be deemed to be his minimum remuneration in the event of lack or inadequacy of Profit subject to the provisions of Sections 197, 198 Schedule V and other applicable provisions, if any of the Companies Act, 2013."

6. Reappointment of Shri.P.Ravi as Chairman and remuneration payable:

To consider and to vote on the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri.P.Ravi is and be hereby reappointed as Chairman of the Company for a period of 3 (three) years from the conclusion AGM held in 2016 till the conclusion of the AGM to be held in 2019 with the existing remuneration as mentioned below

1. Salary: Rs.2,50,000/= per month (Rupees two lakhs and fifty thousand only)
2. Productivity Incentive : 1% of Pre Tax of the profit of the Company as declared in the Audited Annual Accounts of the Company
3. Perquisites: No specific perquisite as the salary is consolidated

This shall be deemed to be his minimum remuneration in the event of lack or inadequacy of Profits subject to the provisions of Sections 197,198, Schedule V and other applicable provisions, if any of the Companies Act, 2013."

**By Order of the Board
For HEMADRI CEMENTS LIMITED**

Place : Chennai
Date : 31st May 2016

Velli Paramasivam
Company Secretary

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company.**
2. **The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
3. **A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Company, duly completed and signed. Attendance Slip shall be handed over at the entrance of the meeting venue.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. **Members seeking any information with regard to the Accounts, are requested to write to the Company at an early date to “velliparamasivamcs@hemadricements.com” so as to enable the Management to keep the information ready at the meeting.**
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / XL Softech Systems Limited, the Share Transfer Agent.
11. **To support the ‘Green Initiative’ Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**

**12 Information and other instructions relating to e-voting are as under:
General Instructions:**

- (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
- (ii) The facility for voting through polling paper shall be made available at the AGM Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through polling paper.
- (iii) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- (iv) The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
- (v) The Board of Directors of the Company has appointed Mr. Balu Sridhar a Practicing Company Secretary, Partner, A.K. Jain & Associates, Chennai as Scrutinizer to scrutinize the voting at AGM and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- (vi) **Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e., 20th Sep 2016.**
- (vii) **A person, whose name is recorded in the register of members or in the register of 20th Sep, 2016 only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through polling paper.**
- (viii) The remote e-voting facility will be available during the following period:
Commencement of remote e-voting : From 9.00 a.m. (IST) on 24th Sep 2016
End of remote e-voting : Up to 5.00 p.m. (IST) on 27th Sep 2016
The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting Module shall be disabled by Karvy upon expiry of aforesaid period.
- (ix) The Scrutinizer, after scrutinising the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results shall simultaneously be communicated to BSE Limited.
- (x) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e., 28th Sep 2016.
- (xi) Please read the instruction before exercising the e-voting.

(xii) **Instructions and other information relating to remote e-voting:**

A. In case of Members receiving Notice through mail:

- a. Open e-mail and open PDF File viz. “.....pdf” with you client ID or folio No. as password. The said PDF File contains your user ID and password for e-voting. Please note that the password is an initial password.
- b. Use the following URL for e-voting: From Karvy website: <http://evoting.karvy.com>
- c. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
- d. Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.
- e. After entering the details appropriately, click on LOGIN.
- f. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- g. You need to login again with the new credentials.
- h. On successful login, the system will prompt you to select the EVENT i.e., **Hemadri Cements Limited**.
- i. On the voting page, enter the number of shares as on the cut-off date under FOR /AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- j. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- k. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the Resolution.
- l. Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

- m. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to **scrutinizer mail id** with a copy marked to evoting@karvy.com.
- n. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

B. In Case of Members receiving notice through post/ Courier :

- (i) Initial password is provided, as below, in the attendance slip of the AGM.

EVEN (Remote E-Voting Event Number)	User ID	Password / PIN

- (ii) Please follow all steps mentioned in Sr. No. (xii)(A)(b) to (xii)(A)(n) to cast your vote by electronic means.

Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

As required under Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all the material facts to the business mentioned under Item No.2,3,5,6 of the accompanying notice:

Item No.3&5: Reappointment as Director and Revision of remuneration to Shri.Sivaraman Vivekanandan Murugan, CEO & Director of the Company:

Profile:

Shri Sivaraman Vivekanandan Murugan aged about 37 years was co opted as Director of the Company w.e.f 8th September 2014. He is functioning as Chief Executive Officer since July 2011.

Shri Sivaraman Vivekanandan Murugan is a Graduate in Chemical Engineering and a MS from USA. He has vast experience in the management affairs of companies for over 10 years.

At present, he is also a Director of

1. SRM Speed Parcel Pvt Ltd.

Shri. Sivaraman Vivekanandan Murugan is not related to any Director of the Company. None of the Directors is deemed to be interested in this resolution.

Item No.2&6: Reappointment as Director and Reappointment as Chairman and remuneration payable to Shri.P.Ravi:

Shri P.Ravi was appointed as Director w.e.f 29.12.2010 at the AGM held on that date. It is proposed to re-appoint him as Chairman for the period of three years.

Profile:

Shri P.Ravi aged about 49 years is a Post Graduate in Management. He has vast experience of more than 20 years in managing different business entities viz, cements, hotels, transports, and construction besides expertise in Educational Institutions.

At present, he is also a Director of

1. SRM Electricity & Power Ltd,
2. SRM Global Energy Resources Ltd,
3. SRM Pharmaceuticals (India) Pvt Ltd,
4. Trac Media Pvt Ltd,
5. SRM Engineering Construction Corporation Ltd,
6. SRM Civil Works Pvt Ltd,
7. SRM Hotels Pvt Ltd,
8. SRM Transport India Pvt Ltd,
9. Easwari Media Pvt Ltd,
10. S.R.M.Investments & Credits Ltd,
11. SRM TRP Properties & Investments Pvt Ltd,
12. Trac Multimedia Pvt Ltd,
13. SRM Global Cements Corporation Ltd,
14. New ERA Media Corporation Chennai Pvt Ltd,
15. SRM Auto Tec Pvt Ltd,
16. Green Pearl Media Pvt Ltd,
17. SRM Infotainment Media Pvt Ltd,
18. SRM Healthcare Pvt Ltd.

None of the Directors except Shri. P. Sathyanarayanan is deemed to be interested in this resolution.

DIRECTORS' REPORT

To the Members of Hemadri Cements Limited,

The Directors have pleasure in presenting the 34th Annual Report of Hemadri Cements Limited together with the audited Financial Statements for the financial year ended 31st March 2016.

COMPANY PERFORMANCE:

Your Company has made a Net Profit of **Rs. 650.00 Lakhs** during the year, as against Net Profit of **Rs. 681.00 Lakhs** in the previous year. No transfer was made to General Reserve during the year under review.

The Cement industry scenario in India is encouraging and the “make in India” and “start up” initiatives by Govt are favoring our company's future growth in the years to come.

FINANCIAL HIGHLIGHTS :

(Rs in Lakhs)

Particulars	Year ended 2015-16	Year ended 2014-15
Sales and other Income	9298.94	8500.05
Profit/ (Loss) before Interest and Depreciation	1172.03	1102.08
Interest	15.95	4.96
Profit/ (Loss) before Depreciation	1156.08	1097.12
Depreciation	106.12	91.82
Profit / (Loss) before Tax	1049.96	1005.30
Tax Expenses:		
Current Tax	382.00	290.00
Deferred Tax	17.56	34.30
Profit/ (Loss) after Tax	650.00	681.00

DIVIDEND:

The board reviewed the financial performance and the Capital Expenditure requirement for the near future of the company. To meet the recently revised Pollution Control norms, your company has proposed to upgrade the “Plant & Machinery”. Further as a cost reduction measure, your company focused its attention to replace the out dated and inefficient equipment(s), to save power cost and to improve efficiency in production. Your company has already initiated the erection and commissioning of a new cement packing plant with modern technology, to reduce the weight differences as per weights and measures standard norms. In view of above, your directors are unable to propose the dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Indian economy registered a growth rate of 8.68% for the year under review when compared to 7.4% for the year 2014-15. The Cement industry is in line with the growth of the economy.

The Government of India has undertaken various policy initiatives such as new amendments in Mines and Minerals (Development and Regulation) Act 1957 and further liberalized foreign direct investment. Many broad based set of initiatives aimed at encouraging “starts up” and tax holiday for new SMEs are expected to give an impetus to the manufacturing sector. It is expected that the benefits from various policy initiatives will have a positive impact on the manufacturing sector including Cement Industries in the coming years.

The construction activity which directly related to Cement Industry has been growing marginally during the year. Your Company may face the market more competitive due to this factor but the infrastructure Sector growth will ease the situation in the positive direction in the near future.

Your directors are confident of overcoming the adverse factors by appropriate decision and the stake holder support.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors met four (4) times once in every quarter during the year, to review and consider the financial results and operation of the Company. More details are provided in the Corporate Governance Report which form part of this report.

Pursuant to the provisions of the Companies Act, 2013, Shri. P.Ravi and Shri. Sivaraman Vivekanandan Murugan Directors retire by rotation and are eligible for reappointment. The Board recommends their re-appointment and accordingly resolution seeking approval of the members for their re-appointment have been included in the notice of the forthcoming Annual General Meeting of the company along with their brief profile.

The Key Managerial Personnel of the company presently are Shri. K. Gopi Prasad Managing Director, Shri. Vivek Sivaraman Director & CEO and Mr. Velli Paramasivam, Company Secretary.

DIRECTORS' RESPONSIBILITY STATEMENT:

On the basis of internal financial controls and systems relating to compliance maintained by the company, work done by the internal, statutory and secretarial auditors, the reviews performed by the management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the company's internal financial controls were adequate and effective during the financial year 2015-16.

Pursuant to Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, and based on the representations received from the management, the directors hereby confirm that:

- a) in the preparation of the Annual Accounts for the year 2015-16, the applicable accounting standards had been followed and there are no material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2016 and of the profit of the company for that period;
- c) the directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively;
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INDEPENDENT DIRECTORS DECLARATION:

Shri G.Rajan, Shri D.B.N.Rao, Shri B.Ramachandra Rao, Shri R.A.Nadesan and Smt.R.Ananda Priya who are independent directors, have submitted a declaration that each of them meets the criteria of independence as provided in sub-section (6) of section 149 of the Act and revised clause 49 of the listing agreement.

RISK MANAGEMENT POLICY:

The Board takes responsibility in overseeing the risk management plan for the company. The Risk Management Policy facilitates in identifying the risks associated with the operations of the company and in giving suitable measures/solutions to mitigate the same. Risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis.

CORPORATE SOCIAL RESPONSIBILITY:

As per the provisions of the Companies Act 2013, the Corporate Social Responsibility Committee was formed for CSR Activities. Your Company has spent Rs.8,28,304/= towards CSR Activities as approved by the CSR Committee and the Board. The Balance amount of Rs.15,41,863/= pertaining to the years 2014-15 and 2015-16 will be spent after identification of projects by the CSR Committee in the future. A detailed CSR Activities of the Company is furnished as **Annexure V** to this report.

BOARD EVALUATION:

The performance evaluation of the Board, its Committees and individual directors was conducted and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, committees and self-evaluation.

Directors, who were designated, held separate discussions with each of the Directors of the company and obtained their feedback on overall Board effectiveness as well as each of the other directors.

Based on the questionnaire and feedback, the performance of every director was evaluated in the meeting of the Nomination and Remuneration Committee (NRC) and it will be improved based on the suggestion.

Important key criteria for Directors performance evaluation are as follows :

Attendance at Board or Committee Meetings

Contribution at Board or Committee Meetings

Guidance/support to management outside Board/Committee meetings.

AUDITORS:

Statutory Auditors:

In accordance with the provisions of Section 139 the Companies Act, 2013, and the rules framed thereunder, M/s. B. Purushottam & Co., Chartered Accountants, Chennai having Reg No: 002828S were appointed as statutory auditors of the company till the conclusion of the 34th Annual General Meeting (AGM) to be held in the year 2016. The Board recommend for their re-appointment for the financial year 2016-17.

Internal Auditor:

M/s DPV & Associates, Chartered Accountants, Chennai, has been appointed as an internal auditor to conduct the internal audit for the company during the year under review. Their scope of work includes review of processes for safeguarding the assets of the company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. Internal auditor's findings are discussed with the senior officials and suitable actions taken as directed by the Audit Committee on a regular basis to improve efficiency of the Company.

Cost Auditor:

The appointment of Cost Auditor is not mandatory as per the applicable statutory provisions.

Secretarial Auditor:

Mr.G.Porselvam, Practicing Company Secretary Chennai has been appointed as the Secretarial Auditor to conduct the Secretarial audit for the Company during the year under review. The Secretarial Audit Report provided by him shall form part of this report.

LISTING :

The equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE). The shares are not quoted in the BSE because the criteria in terms of Minimum paid up capital and Net worth, for trading are not met by the Company. The Secretarial Auditor has qualified in their report on non trading of Company equity shares in BSE and its non compliance. Your company initiated to resolve the issue or other suitable measures upon experts advise on the issue.

CORPORATE GOVERNANCE:

The Company has been practicing the principles of good Corporate Governance over the years and lays strong emphasis on transparency, accountability, and integrity.

A separate section on Corporate Governance annexed which form part of this Annual report.

PUBLICDEPOSIT :

The Company has not accepted any fixed deposits under the provisions of the Companies Act, 2013.

DISCLOSURES :**A. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 are given in the **Annexure I** and forms part of this report.

B. EXTRACT OF THE ANNUAL RETURN :

Extract of Annual return in the prescribed form MGT -9 is given as **Annexure II** to this report, in terms of the requirement of section 134(3)(a) of Act 2013 read with the Companies (Accounts) Rules, 2014.

C. PARTICULARS OF EMPLOYEES REMUNERATION :

The information required under section 197(12) of the Act, read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in the Annexure to this report.

D. TRANSACTIONS WITH THE RELATED PARTIES :

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 are furnished in Form AOC-2 to this report, as **Annexure III**

E. DETAILS OF LOANS / GUARANTEES / INVESTMENTS MADE :

The details of loans / guarantees / investments under Section 186 of the Act 2013 read with (Meeting of Board and its Powers) rules 2014 for the financial year 2015-2016 are given as **Annexure IV** to this report.

F. OTHER LAWS :

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There were no significant and material orders passed by the regulators or courts or tribunals affecting the going concern status and future operations of the company.

ACKNOWLEDGEMENTS :

Your directors would like to place on record their appreciation for the guidance and support received from various departments of State and Central Governments.

Banks and Financial Institutions have shown cordial understating and support and your Directors place on record their appreciation for the same.

Your directors also place on record their appreciation of the services rendered and co-operation extended by all the employees of the Company.

The Directors also thank the investors and stake holders for their continued support to the Company.

Place : Chennai
Date : 31.5.2016

For and on behalf of the Board

P. Ravi
Chairman

ANNEXURE I TO DIRECTORS' REPORT**FORM-A****CONSERVATION OF ENERGY**

A. POWER AND FUEL CONSUMPTION :	2015-2016	2014-15
1. ELECTRICITY :		
a) Purchased		
Units	27,693,240	27,177,480
Total Amount	178,086,887	174,781,040
Average Rate / Unit (Rs.)	6.43	6.43
b) Own Generation		
Through Diesel Generation Unit	—	—
Units Per Ltr. of Diesel Generation	—	—
Cost / Unit (Rs.)	—	—
2. COAL:		
Quantity (Tons)	48,529	46,248
Total Cost Rs.	286,403,541	240,180,300
Average Rate (Rs.)	5901.70	5193.31
3. FURNACE OIL:	NA	NA
Quantity (Tons)	—	—
Total Cost	—	—
Average Rate	—	—
4. OTHER /INTERNAL GENERATION :	NA	NA
Quantity	—	—
Total Cost (Rs.)	—	—
Rate / Unit	—	—

B. CONSUMPTION PER UNIT PRODUCTION :

	Standards (If any)		
Electrical Consumption Per ton of Cement	140.00 units	103.01 units	104.24 units
Coal Consumption Per ton of Cement	0.25 MTS	0.18 MTS	0.20 MTS

TECHNOLOGY ABSORPTION FROM FOREIGN COUNTRIES :

During the year the Company had no occasion to absorb any foreign technology.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

During the year, the Company had no foreign exchange earnings and out go.

FORM-B

A. RESEARCH AND DEVELOPMENT (R & D) :	2015-2016	2014-2015
1. Specific areas in which R & D carried out by the Company	NIL	NIL
2. Benefits derived as a result of the above R & D	NIL	NIL
3. Future plan of action	NIL	NIL
4. Expenditure on R & D	NIL	NIL
a) Capital		
b) Recurring		
c) Total		
d) Total R & D expenditures as a percentage of total turnover	NIL	NIL
B. TECHNOLOGY ABSORPTION, ADOPTION, INNOVATION :		
1. Efforts, in brief, made towards Technology absorption, adoption and innovation	NIL	NIL
2. Benefits derived as a result of the above efforts e. g., product improvement, cost reduction, Products development, import substitution etc.,	NIL	NIL
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished	NIL	NIL
a) Technology imported :		
b) Year of import :		
c) Has technology been fully absorbed :		
d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action :		

BY ORDER OF THE BOARD OF DIRECTORS

Place : Chennai
Date : 31.05.2016

P. Ravi
Chairman

ANNEXURE II TO DIRECTORS' REPORT**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on financial year ended 31st March 2016**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS

i	CIN	L26942AP1981PLC002995
ii	Registration Date	20.04.1981
iii	Name of the Company	HEMADRI CEMENTS LIMITED
iv	Category/Sub-Category of the Company	Public Company / Limited by Shares
v	Address of the Registered Office & Contact Details	Vedadri Village, Jagayyapet Mandal, Krishna District, A.P. State. Phone : (08678) 284538 Email:velliparamasivamcs@ hemadricements.com
vi	Whether Listed Company	Yes
vii	Name, Address & Contact details of the Registrar & Transfer Agent, if any.	XL SOFTECH SYSTEMS LIMITED No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034. Phone:23545913/14/15, Fax - 040-23553214. Email:xlfield@rediffmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 percent or more of the total turnover of the company shall be stated

Sl.No.	Name and Description of main Products/Services	NIC Code of the Product /Service	% to total turnover of the Company
1	Cement manufacturing and Sales of Cement	Clinker 252910-00 - Intermediate product Cements 252329-10	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no Subsidiary and no Associate Companies during the year 2015-16.

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE TO TOTAL EQUITY)
(i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
A. Promoters									
(1) Indian									
a) Individual/HUF		2137052	2137052	32.04		1364552	1364552	20.46	-11.58
b) Central Govt		0	0	0.00		0	0	0.00	
c) State Govt(s)		0	0	0.00		0	0	0.00	
d) Bodies Corporates		2597480	2597480	38.94		2929758	2929758	43.92	4.98
e) Bank/FI		0	0	0.00		0	0	0.00	
f) Any Other		0	0	0.00		0	0	0.00	
SUB- TOTAL (A)(1)		4734532	4734532	70.98		4294310	4294310	64.38	-6.60
(2) Foreign									
a) NRI- Individuals		0	0	0.00		0	0	0.00	
b) Other Individuals		0	0	0.00		0	0	0.00	
c) Bodies Corporate		0	0	0.00		0	0	0.00	
d) Banks/FI		0	0	0.00		0	0	0.00	
e) Any Other- Director Relative NRI		0	0	0.00		0	0	0.00	
SUB TOTAL (A)(2)		0	0	0.00		0	0	0.00	
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		4734532	4734532	70.98		4294310	4294310	64.38	-6.60
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds		0	0	0.00		0	0	0.00	
b) Banks/FI		0	0	0.00		0	0	0.00	
c) Cenntral Govt		0	0	0.00		0	0	0.00	
d) State Govt(s)		0	0	0.00		0	0	0.00	
e) Venture Capital Fund		0	0	0.00		0	0	0.00	
f) Insurance Companies		0	0	0.00		0	0	0.00	
g) FIs		0	0	0.00		0	0	0.00	
h) Foreign Venture Capital Funds		0	0	0.00		0	0	0.00	
i) Others (specify)		1000	1000	0.01		1000	1000	0.01	
SUB TOTAL (B)(1)		1000	1000	0.01		1000	1000	0.01	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
(2) Non Institutions									
a) Bodies corporates		0	0	0.00		0	0	0.00	
i) Indian		107593	107593	1.61		107593	107593	1.61	
ii) Overseas		0	0.00			0	0	0.00	
b) Individuals									
i) Individual shareholder holding nominal share capital upto Rs. 2 Lakh		1422509	1422509	21.33		1306731	1306731	19.59	-1.74
ii) Individual shareholder holding nominal share capital in excess of Rs.2Lakh		396097	396097	5.94		952097	952097	14.27	8.34
c) Others (specify)									
i) Clearing Members		0	0.00			0	0	0.00	
ii) Directors & their Relatives		0	0.00			0	0	0.00	
iii) Hindu Undivided Families		0	0.00			0	0	0.00	
iv) Non-Resident Indian		0	0.00			0	0	0.00	
v) Others		8269	8269	0.12		8269	8269	0.12	
SUB TOTAL (B)(2)		1934468	1934468	29.00		2374690	2374690	35.60	6.60
Total Public Shareholding (B)= (B)(1)+(B)(2)		1935468	1935468	29.02		2375690	2375690	35.62	6.60
C. Shares held by Custodian for GDRs & ADRs		0	0.00			0	0	0.00	
Grand Total (A+B+C)		6670000	6670000	100.00		6670000	6670000	100.00	0.00


(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	S N KILARU	714550	10.71	0	0	0.00	0	-10.71
2	SRM TRP PROPERTIES & INVESTMENT	659899	9.89	0	984899	14.77	0	4.87
3	KILARU ARUNA	627400	9.41	0	130000	1.95	0	-7.46
4	KILARU PADMAJA	503601	7.55	0	503601	7.55	0	0.00
5	SRIMANNARAYANA KILARU	215551	3.23	0	20000	0.30	0	-2.93
6	K GOPI PRASAD	50050	0.75	0	685051	10.27	0	9.52
7	KILARU VIDYA SAGAR VARMA	10000	0.15	0	10000	0.15	0	0.00
8	KOTHA PRASUNAMBA	7500	0.11	0	7500	0.11	0	0.00
9	P USHA	3000	0.04	0	3000	0.04	0	0.00
10	KOTHA MADHU MURTHY	2250	0.03	0	2250	0.03	0	0.00
11	G VENKATESWARA RAO	1594	0.02	0	1594	0.02	0	0.00
12	KOTESWARA RAO KOTHA	1500	0.02	0	1500	0.02	0	0.00
13	A SUSEELA	56	0.00	0	56	0.00	0	0.00
14	SRM CIVIL WORKS PVT LTD	1937581	29.05	0	1944859	29.16	0	0.11
	TOTAL	4734532	70.98	0.00	4294310	64.38	0	-6.60

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	114.00	Nil	Nil	114.00
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
TOTAL (i+ii+iii)	114.00	Nil	Nil	114.00
Change in Indebtedness during the financial year				
Addition - LC Limit for Raw materials - CUB	Nil	Nil	Nil	Nil
Transferred on account of Demerger	Nil	Nil	Nil	Nil
Reduction	-114.00	Nil	Nil	-114.00
Net Change	-114.00	Nil	Nil	-114.00
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
TOTAL (i+ii+iii)	0.00	Nil	Nil	0.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager: (Rs in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Shri K.Gopi Prasad(MD)	Shri P.Ravi (Chairman)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	6.00	30.00	36.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others (specify)	-	-	-
5	Others, please specify	-	10.05	10.05
	Total (A)	6.00	40.05	46.05

B. Remuneration to other Directors:

(Rs in Lakhs)

Sl.No.	Particulars of Remuneration	Name of the Directors						Total Amount
		Shri G.Rajan	Shri DBN Rao	Shri B.Ramachandra Rao	Shri R.A.Nadesan	Smt. R.Ananda Priya		
1.	Independent Directors							
	(a) Fee for attending Board/ Committee Meetings	0.40	0.20	0.32	0.42	0.10	1.44	
	(b) Commission	Nil	Nil	Nil	Nil		Nil	
	(c) Others, please specify	Nil	Nil	Nil	Nil		Nil	
	TOTAL (1)	0.40	0.20	0.32	0.42	0.10	1.44	
	Other Non Executive Directors							
	(a) Fee for attending Board/ Committee Meetings	0.20					0.20	
	(b) Commission	Nil					Nil	
	(c) Others, please specify.	Nil					Nil	
	TOTAL (2)	0.20					0.20	
	TOTAL (B)= (1+2)						1.64	
	Total Managerial Remuneration						47.69	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs in Lakhs)

SI.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Director/CEO	Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	71.04	14.52	85.56
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
	Stock Option	-	-	-
	Sweat Equity	-	-	-
	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, specify	-	-	-
	Others, please specify	-	-	-
	TOTAL	71.04	14.52	85.56

ANNEXURE III TO DIRECTORS' REPORT**Form No. AOC-2**

Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of Contracts or arrangements or transactions not at arm's length basis :

(a)	Names of the related party and nature of relationship	SRM Global Cements Corporation Ltd., Directors Interested Company	SRM Transport India Pvt Ltd., Directors Interested Company
(b)	Nature of Contracts / arrangements / transactions	Sale of Cements	Transport of Cements
(c)	Duration of Contracts / arrangements / transactions	2015-16	2015-16
(d)	Salient terms of the contracts or arrangements or transactions including the value if any.	Irrespective of market fluctuations to sell the Cement at decided Quantity at fixed price per bag.	Transport of Cements to other states on regular basis at the agreed price per MT without any interruption
(e)	Justification for entering into such contracts or arrangements or transactions	Company ensures the production schedule, Sales and funds flow management.	Company ensures the Sales schedule at the fixed cost.
(f)	Date of approval by the Board, if any	Approved	Approved
(g)	Amount paid as advances, if any	Nil	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis.

The Cement sales to SRM Civil Works Pvt. Ltd., and Loan to HCL Agro Power Limited are at arm's length basis and reported to Board periodically, in which directors are interested.

Place : Chennai
Date : 31.05.2016

Chairman

ANNEXURE IV
DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE ACT 2013 FOR THE FINANCIAL YEAR 2015-16

S.No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Rate of interest	Amount of loan / security / guarantee (Rs.in lacs)	% to free Reserves	Purpose for which the loan / guarantee utilised by the recipient
1.	HCL Agro Power Ltd	Directors Interested Company	Inter Corporate loan	Existing Bank Rate	47.19	1.04	For Business purpose

ANNEXURE V TO DIRECTORS' REPORT

CSR ACTIVITIES OF THE COMPANY

1. The company's objective is to manage the business processes at profit and to produce an overall positive impact on our society and create wellness. Taking corporate social responsibility ('CSR') as a strategic social investment, the company aims to develop the society needs around the factory Village and other places for better future. The Company initiatives in the area of (a) social and economic welfare (b) education and skill development, (c) environmental sustainability. (d) Health improvements for their CSR Activities as decided by the CSR committee. For achieving the company's CSR objective, the CSR activities are being undertaken by the company independently. The activities are centred on mainly social and economic welfare and health improvements around factory located village.
2. The composition of the CSR committee :

The Committee comprises of the following directors to look into the CSR activities of the company.
 - a) Shri. P.Ravi - Chairman
 - b) Shri. Vivek Sivaraman - Member
 - c) Shri. Nadesan R.A - Member
3. Average net profit of the company for last three financial years are, Rs.4,01,77,739/= for the year 2012-13 and Rs.89,18,428/= for the year 2013-14 and Rs.10,05,29,857/= for the year 2014-15. The Average profit of the above years is Rs.4,98,75,341/= as per Sec 198 of the Companies Act 2013.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) is **Rs.9,97,507/=**
5. Details of CSR spent during the financial year

Despite the delay in finalising the projects, the company spent Rs.8.28 lakhs for the purification drinking water project for vedadri village people and flood relief contribution at chennai during the year 2015-16. The CSR committee geared up to spent the prescribed amount for 2014-15 and 2015-16 commitment, during the current financial year 2016-17.
6. We hereby declare that implementation and monitoring of the CSR Policy are in compliance with CSR objectives and policy of the company.

Place : Chennai
Date : 31.05.2016

Chairman

REPORT ON CORPORATE GOVERNANCE**Company's Philosophy on Corporate Governance:**

Your Board of Directors view their role as trustees for various stakeholders and the society at large and it is their endeavour to observe the best corporate governance practices which *inter alia* include transparency, accountability and fairness in all dealings and pursuing a policy of corporate disclosures and communication.

BOARD OF DIRECTORS

Your Board consists of 9 Directors and is in conformity with clause 49 of the Listing Agreement. The composition of the Board is given below

Shri. P.Ravi	Promoter /Non – executive	Chairman
Shri. K.Gopi Prasad	Promoter/Executive	Managing Director
Shri. Gopalsamy Rajan	Independent/Non – executive	Director
Shri. P.Satyanarayanan	Promoter/Non – executive	Director
Shri. D.B.N.Rao	Independent/Non – executive	Director
Shri. B.Ramachandra Rao	Independent/Non – executive	Director
Shri. R.A.Nadesan	Independent/Non-executive	Director
Shri. Vivek Sivaraman	Executive	Director
Smt. R.Ananda Priya	Independent/Non – executive	Director

Shri. P. Ravi and Shri. P. Satyanarayanan are related as brothers

BOARD MEETINGS AND ATTENDANCE

The Board of the Company met 4 times during the year under review on

- 28th May 2015
- 12th August 2015
- 2nd November 2015 and
- 10th February 2016

Particulars of Attendance

Name of the Director	DIN No.	Category	Board Meeting	Audit Committee	Share transfer Committee	Remuneration Committee	CSR Committee	Whether attended AGM on 23 rd Sep 2015
Shri.P.Ravi	00675665	Promoter	3	NA	NA	NA	1	Yes
Shri.K.Gopi Prasad	01025908	Promoter	2	2	2	NA	NA	No
Shri.Gopalsamy Rajan	02348441	Independent	4	4	4	2	NA	No
Shri.P.Satyanarayanan	01532804	Promoter	4	NA	NA	NA	NA	No
Shri.D.B.N.Rao	01180539	Independent	4	NA	NA	NA	NA	Yes
Shri.B.Ramachandra Rao	00637389	Independent	4	4	NA	2	NA	Yes
Shri.R.A.Nadesan	02695412	Independent	4	4	4	2	1	Yes
Shri.Vivek Sivaraman	05223790	Executive	4	NA	NA	NA	1	Yes
Smt. R.Ananda Priya	01768355	Independent	2	NA	NA	NA	NA	No

NA - Not Applicable

COMMITTEES OF THE BOARD

The following are the composition of various committees.

I. AUDIT COMMITTEE

- a) Shri Nadesan R.A. - Chairman
- b) Shri K.Gopi Prasad
- c) Shri G. Rajan
- d) Shri B.Ramachandra Rao

II. SHARE TRANSFER & STAKE HOLDERS RELATIONSHIP COMMITTEE

- a) Shri K.Gopi Prasad - Chairman
- b) Shri Nadesan R.A.
- c) Shri G.Rajan

III. NOMINATION & REMUNERATION COMMITTEE

- a) Shri G.Rajan - Chairman
- b) Shri Nadesan R.A.
- c) Shri B.Ramachandra Rao

IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- a) Shri P.Ravi - Chairman
- b) Shri Nadesan R.A.
- c) Shri Vivek Sivaraman.

V. MANAGEMENT COMMITTEE

- a) Shri P.Ravi - Chairman
- b) Shri K.Gopi Prasad
- c) Shri P.Sathyannarayanan
- d) Shri Nadesan R.A.
- e) Shri Vivek Sivaraman

VI. TECHNICAL COMMITTEE

- a) Shri P.Ravi - Chairman
- b) Shri Nadesan R.A.
- c) Shri D.B.N. Rao
- d) Shri Vivek Sivaraman

Mr. Velli Paramasivam, Company Secretary would be the convener and Compliance Officer

Audit Committee:

The function of the Audit committee is to review the accounting policies and to oversee the process of Financial Reporting by the Company so as to ensure that the financial statements are correct and credible.

The responsibility of the Audit committee, inter alia,

1. Reviewing with the management-
 - i. The Annual financial statements before submission to the Board for approval with particular reference to:
 - ★ Matters required to be included in the Directors' Responsibility Statement
 - ★ Changes, if any, in the accounting policies and practices and reason for the same
 - ★ Major accounting entries involving estimates based on judgement by the management
 - ★ Significant adjustments made in the financial statements arising out of audit findings
 - ★ Compliance with listing and other legal requirements relating to financial statements
 - ★ Disclosure of any related party transactions and
 - ★ Qualifications in the draft audit report
 - ii. The quarterly financial statements before submission to the Board for approval
 - iii. The statement of uses and application of funds
 - iv. Performance of statutory and internal auditors and adequacy of the internal control systems.
2. Discussion with
 - ★ Internal Auditors on any significant findings and follow up thereon
 - ★ Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

The Audit committee met 4 times during the year on 28th May 2015, 12th August 2015, 2nd Nov 2015, 10th Feb 2016.

DIRECTORS' REMUNERATION

		Remuneration	Incentives	Total
Shri.P.Ravi	Chairman	Rs.30,00,000	10,05,299	40,05,299
Shri.K.Gopi Prasad	Managing Director	Rs. 6,00,000	—	6,00,000
Shri.Vivek Sivaraman	Director & CEO	Rs.71,04,000	—	71,04,000

The Company pays sitting fee of Rs. 5000/- per meeting to non-executive directors for the meetings of the Board and Rs.2000/- per meeting for the meetings of various committees. The Non-executive directors are not paid any other remuneration.

PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT:

A brief profile of the directors proposed for re-appointment are,

1. Shri P.Ravi

Shri P.Ravi was appointed as Director w.e.f 29.12.2010 at the AGM held on that date.

Shri P.Ravi aged about 49 years is a Post Graduate in Management. He has vast experience of more than 20 years in managing different business entities viz, cements, hotels, transports, and construction besides expertise in Educational Institutions.

2. Shri Vivek Sivaraman

Shri Sivaraman Vivekanandan Murugan was co opted as Director of the Company w.e.f 8th September 2014. He is functioning as Chief Executive Officer since July 2011. He is a Graduate in Chemical Engineering and a MS from USA. He has vast experience in the management affairs of companies for over 10 years.

GENERAL BODY MEETINGS

Particulars of the General Body Meetings held for the last 3 years are given below:

a. 12.09.2013 at 11.00 am	Venue : Regd Office of the Company at
b. 08.09.2014 at 11.30 am	Vedadri Village, Jaggayyapet Mandal
c. 23.09.2015 at 12.30.pm	Krishna District, Andhra Pradesh

DISCLOSURES:

● Related Party Disclosures:

During the year under review, certain transaction of material nature has been entered into by the Company with its promoters, the directors or relatives, etc that may have a potential to be in conflict with the interests of the Company. Such contracts have been entered into the beneficial interest of the company in the competitive environment. The register of contracts containing transactions in which directors are interested, is placed before the Board regularly.

The particulars of transactions between the Company and its related parties as per Accounting Standard 18(AS 18) is set out in the Annual Report.

● Compliance by the Company:

There has been no instance of non-compliance by the Company on any matter relating to Capital Markets during the last three financial years. The Bombay Stock Exchange had suspended trading in the shares of the Company for non-payment of listing fee, which has since been paid with interest. The Company may not be able to fulfill the conditions for re-listing.

● Compliance of Mandatory requirements :

The Company has complied with all major mandatory requirements as per clause 49 of the Listing Agreement.

Auditors Certification

To The Members of Hemadri Cements Limited

We have examined the compliance of conditions of Corporate Governance by Hemadri Cements Limited for the year ended 31st March 2016 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied majority conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances, there was no grievance received during the year ended 31st March, 2016.

We further state that such compliance is neither an assurance as the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

B. PURUSHOTTAM & CO.
Chartered Accountants
Firm Reg. No. 002808S

Chennai
31.5.2016

B.S.Purushottam
PARTNER
M.No. 026785

Form No. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31/03/2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

The Members,
Hemadri Cements Ltd

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to corporate practices by M/s. HEMADRI CEMENTS LTD. (CIN:L26942AP1981PLC002995) Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion hereon.

Based on my verification of the HEMADRI CEMENTS LTD, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 01/04/2015 to 31/03/2016 complied with the statutory provisions listed hereunder and also that the Company has Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by HEMADRI CEMENTS LTD, for the financial year ended on 31/03/2016 according to the provisions of the following Act Subject to the observation as given below :

"The Company is listed with Bombay Stock Exchange (BSE), Mumbai. The shares of the company are not traded, as the BSE had suspended the trading."

(i) The Companies Act, 2013 (the Act) and the rules made there under;

The company has complied with the procedure laid under the Companies Act 1956 / 2013, forms, returns in this connection have been filed.

Compliance under the Following Acts has been made during the year

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA').

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws.

(iv) Foreign Exchange Management Act, 1999.

(v) Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- i) The Listing agreement with Stock Exchange as per SEBI Act:

The Listing agreement compliances are not met by the Company

(vi) Other Laws specifically applicable to the Company as under:

1. Factories Act, 1948
2. Industrial dispute Act, 1947
3. Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
6. Employees' State Insurance Act, 1948
7. Equal Remuneration Act, 1976
8. Shop & Establishment Act, 1948
9. The Payment of Bonus Act, 1965
10. The Payment of Gratuity Act, 1972
11. The Contract Labour (Regulation and Abolition) Act, 1970
12. The Maternity benefit Act, 1961

13. The Child Labour Prohibition and Regulation Act, 1986
14. The Industrial Employment (Standing Order) Act, 1946
15. The Employee Compensation Act, 1923
16. The Apprentices Act, 1961
17. Mines and Minerals related Acts.

I have also examined compliance with the applicable clauses of the following:

- (i). Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii). The Company is yet to exercise its option under the SEBI (Listing Obligation and Disclosure Requirements) Notification.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.,

I further report that:

The Board of Directors of the Company is duly constituted as required under section 149 (1) of the companies Act 2013.

Notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Normally unanimous decision is carried through while the dissenting views, if any are captured and recorded as part of the minutes.

I further report that there are systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/ actions in pursuance of the above referred laws, rules, regulation, guidelines, etc, having a major bearing on the companies affairs.

Place : Chennai
Date : 27-05-2016

Signature
Name : G. Porselvam
CP No : 3187

INDEPENDENT AUDITOR'S REPORT

To the members of HEMADRI CEMENTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Hemadri Cements Limited** ("the Company"), which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, we give in the Annexure, a statement on the matters specified in Para 3 and 4 of the said Order.

2) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has no litigation impacting its financial position which need to be disclose in its financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For B.PURUSHOTTAM & CO
Chartered Accountants
(Firm Regn.No.002808S)

Place : Chennai
Date : 31.5.2016

B.S. PURSHOTHAM
Partner
M No : 026785

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of Hemadri Cements Limited on the financial statements for the year ended 31st March 2016, we report that:

- (i) a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the management at reasonable intervals. Materials discrepancies if any found during physical verification have been properly dealt with in the books of accounts.
- (c) The title deeds of immovable properties are held in the name of the company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and the material discrepancies if any found during physical verification have been properly dealt with in the books of accounts.
- (iii) The company has not granted loans, secured or unsecured to companies covered in the register maintained under section 189 of the Companies Act, 2013, hence reporting under this clause does not arise.
- (iv) The Company has not made any loans, made any investments, gave guarantees, and security, hence reporting under this clause does not arise.
- (v) The company has not accepted deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.

- (vi) Maintenance of cost records has been specified by the central government under sub-section (1) of section 148 of the Companies Act, 2013, and such accounts and records have been so made and maintained.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.
- b) No dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute except for:

S.No.	Nature of the Dues	Forum where Dispute is pending	Amount (Rs.)	Period to which amount relates	Remarks
1.	Income Tax due	Appeal before Commissioner of Income Tax Hyderabad	52.50	A.Y 2012-13	Out of this amount Rs. 35 Lakhs paid as on the date of financials, leaving a balance outstanding of Rs. 17.50 Lakhs only.
2.	Income Tax due	Appeal before Income Tax Appelate Tribunal, Hyderabad.	265.86	A.Y 2008-09	

- (viii) The company has not borrowed any loans or borrowings from Financial Institutions, Bank, Government, Debenture holders hence reporting under this clause does not arise.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.
- (x) According to the information and explanations given to us no fraud by the company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has paid or provided managerial remuneration in accordance with the requisite approvals requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not Nidhi Company hence reporting under this clause is not applicable.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, hence reporting under this clause does not arise.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B.PURUSHOTTAM & CO
Chartered Accountants
(Firm Regn.No.002808S)

Place : Chennai
Date : 31.5.2016

B.S. PURSHOTHAM
Partner
M No : 026785

Annexure B to Auditors' Report of even date

Report on the Internal Controls on Financial Controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hemadri Cements Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Chennai
Date : 31.5.2016

For B.PURUSHOTTAM & CO
Chartered Accountants
(Firm Regn.No.002808S)

B.S. PURSHOTHAM
Partner
M No : 026785

BALANCE SHEET AS AT 31st MARCH 2016
CIN : L26942AP1981 PLC002995

Particulars	Note No :	As at 31.03.16		As at 31.03.15	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	2	66,700,000	-	66,700,000	
(b) Reserves and Surplus	3	386,014,415	452,714,415	320,974,781	387,674,781
(2) Non - current liabilities					
(a) Deferred tax liabilities (Net)	4	5,821,975		4,066,065	
(b) Long term provisions	5	5,137,758	10,959,733	4,201,971	8,268,036
(3) Current Liabilities					
(a) Trade payables	6	41,437,402		42,412,626	
(b) Other current liabilities	7	93,665,309		87,589,144	
(c) Short term provisions	8	17,928,320	153,031,031	39,078,978	169,080,748
TOTAL			616,705,179		565,023,565
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	9	78,755,138		83,458,670	
(ii) Capital work in progress	10	5,843,177		-	
		84,598,315		83,458,670	
(b) Non - current investments	11	6,000,000		6,000,000	
(c) Long term loans and advances	12	216,332,278	306,930,593	208,056,801	297,515,471
(2) Current Assets					
(a) Inventories	13	83,027,862		79,130,481	
(b) Trade receivables	14	31,678,561		53,418,447	
(c) Cash and Bank Balances	15	128,848,273		67,670,510	
(d) Short term loans and advances	16	27,576,515		33,235,152	
(e) Other current assets	17	38,643,375	309,774,586	34,053,504	267,508,094
TOTAL			616,705,179		565,023,565
Summary of Significant accounting policies	1				
Other notes forming part of accounts	28				

The notes attached form an integral part of the Balance Sheet

As per our report of even date

For B.PURUSHOTTAM & CO

Chartered Accountants
(Firm Regn.No.002808S)

B.S. PURSHOTHAM
PARTNER
M No : 026785

for and on behalf of the Board

P. RAVI
Chairman
DIN : 00675665

VIVEK SIVARAMAN
Director & CEO
DIN : 05223790

PLACE : CHENNAI
DATE : 31-05-2016

VELLI PARAMASIVAM
Company Secretary

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

CIN : L26942AP1981 PLC002995

Particulars	Note No :	As at 31.03.2016		As at 31.03.2015	
		Rs.	Rs.	Rs.	Rs.
I Revenue from Operations	18		920,452,856		845,227,294
II Other Income	19		9,441,451		4,777,790
III Total revenue (I + II)			929,894,307		850,005,084
IV Expenses					
Cost of materials consumed	20	487,011,988		434,606,731	
Changes in inventories of finished goods, work in progress	21	(5,549,827)		(4,467,541)	
			481,462,161		430,139,190
Power Charges	22		178,086,887		174,781,040
Employee benefits expense	23		89,170,775		71,575,775
Finance costs	24		1,594,680		496,231
Depreciation and amortization expense	25		10,612,106		9,181,836
Selling & Distribution expense	26		13,377,756		15,773,191
Other expenses	27		50,594,398		47,527,964
Total Expenses			824,898,763		749,475,227
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			104,995,544		100,529,857
VI Extraordinary Items			-		-
VII Profit/(Loss) After extraordinary items			104,995,544		100,529,857
VIII Profit before tax			104,995,544		100,529,857
IX Tax expense:					
(1) Current tax		38,200,000		29,000,000	
(2) Earlier Year's tax		-		-	
(3) Deferred tax		1,755,910		3,430,182	
X Profit/(Loss) for the period from continuing operations (VIII-IX)			39,955,910		32,430,182
			65,039,634		68,099,675
XI Profit/(loss) from Previous year			-		-
XII Profit/(Loss) after tax for the period			65,039,634		68,099,675
XIII Earning per equity share:					
(1) Basic & Diluted (Face Value of Rs.10/ each)			9.75		10.21
The notes attached form an integral part of Financial Statements	28				

As per our report of even date

For B.PURUSHOTTAM & CO

Chartered Accountants
(Firm Regn.No.002808S)

B.S. PURSHOTHAM
PARTNER
M No : 026785

PLACE : CHENNAI
DATE : 31-05-2016

for and on behalf of the Board

P. RAVI
Chairman
DIN : 00675665

VELLI PARAMASIVAM
Company Secretary

VIVEK SIVARAMAN
Director & CEO
DIN : 05223790

HEMADRI CEMENTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016
CIN : L26942AP1981 PLC002995

Particulars	As at 31.03.2016		As at 31.03.2015	
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Profit before taxation		104,995,544		100,529,857
Adjustments for:				
Depreciation and amortization expense	10,612,106		9,181,836	
Interest received	(9,034,043)		(4,113,081)	
Loss on sale of vehicles	253,919			
Interest expenses	1,594,680		18,576	
		3,426,662		5,087,331
		108,422,206		105,617,188
(Increase)/ decrease in trade and other receivables	21,739,886		(37,519,746)	
(Increase)/ decrease in inventories	(3,897,380)		(18,897,714)	
(Increase)/ decrease in current Assets	(22,318,934)		(18,286,833)	
Increase/ (decrease) in trade payables	(975,224)		7,910,532	
Increase/ (decrease) in other Current Liabilities Provisions	(52,338,706)	(57,790,358)	33,328,957	(33,464,804)
		50,631,848		72,152,384
Income taxes paid		38,407,144		49,386,959
<i>Net cash from operating activities</i>		12,224,704		22,765,425
Cash flows from investing activities				
Purchase of property, plant and equipment	(15,229,831)		(3,574,199)	
Proceeds from sale of property, plant and equipment	3,224,161		-	
Purchase of investments	-			
Proceeds from sale of investments	-			
Loans given	(8,275,477)			
Interest received	9,034,043		4,113,081	
Dividend received	-		-	
<i>Net cash from investing activities</i>		(11,247,104)		538,882
Cash flows from financing activities				
Proceeds from issue of share capital	-			
Interest paid	(1,594,680)		(18,576)	
Dividend paid	-			
<i>Net cash from financing activities</i>		(1,594,680)		(18,576)
Net increase/(decrease) in cash and cash equivalents		(617,081)		23,285,733
Cash and cash equivalents at beginning of reporting period		55,844,630		32,558,897
Cash and cash equivalents at end of reporting period		55,227,549		55,844,630

Cash & Cash equivalents:

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:

Particulars	Current reporting period		Previous reporting period	
	Rs.	Rs.	Rs.	Rs.
Cash on hand and bank balances		55,227,549		55,844,630
Short term investments		-		
Cash and cash equivalents as reported		55,227,549		55,844,630
Effect on exchange rate changes		-		
Cash and cash equivalents as restated		55,227,549		55,844,630

**As per our report of even date
For B.PURUSHOTTAM & CO**

Chartered Accountants
(Firm Regn.No.002808S)

B.S. PURSHOTHAM
PARTNER
M No : 026785

PLACE : CHENNAI
DATE : 31-05-2016

for and on behalf of the Board

P. RAVI
Chairman
DIN : 00675665

VIVEK SIVARAMAN
Director & CEO
DIN : 05223790

VELLI PARAMASIVAM
Company Secretary

HEMADRI CEMENTS LIMITED
NOTES TO FINANCIAL STATEMENTS
CIN : L26942AP1981 PLC002995

2. Share Capital:

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Rs.	Number	Rs.
Authorised: Equity shares of Rs. 10/- each	10,000,000	100,000,000	10,000,000	100,000,000
Total	10,000,000	100,000,000	10,000,000	100,000,000
Issued, subscribed and fully paid up: <i>Equity shares of Rs. 10/- each</i>				
At the beginning of the reporting period	6,670,000	66,700,000	6,670,000	66,700,000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	6,670,000	66,700,000	6,670,000	66,700,000

I Other Information:

a. Shares allotted pursuant to a contract without consideration being received in cash	-	-
b. Shares allotted by way of bonus shares	-	-
c. Shares held by the holding company/ultimate holding company/subsidiaries or associates of the holding company/ultimate holding company, in aggregate	-	-
Equity shares bought back during the five years immediately preceding the date of the balance sheet	-	-

II. Particulars of equity share holders holding more than 5% of the total number of equity share capital :

a. K GOPI PRASAD	10.28%	0.75%
b. SRIMANNARAYANA KILARU	0.30%	11.01%
c. KILARU ARUNA	1.95%	9.41%
d. KILARU PADMAJA	7.55%	7.55%
e. SRM TRP PROPERTIES & INVESTMENTS P LTD	14.77%	9.89%
f. SRM CIVIL WORKS PVT LTD	29.16%	29.05%

3. Reserves and Surplus:

Particulars	Capital Reserve Rs.	Revaluation Reserve Rs.	Other reserves Rs.	Surplus i.e. balance in Statement of Profit & Loss Rs.	Total Rs.
At the beginning of the reporting period	13,351,587	1,435,690	974,250	305,213,254	320,974,781
Transferred from/to Profit & Loss Account	-	-	-	65,039,634	65,039,634
Depreciation for earlier years	-	-	-	-	-
Allocation towards allotment of bonus shares	-	-	-	-	-
Proposed Dividends	-	-	-	-	-
Provision towards dividend distribution tax	-	-	-	-	-
At the close of the reporting period	13,351,587	1,435,690	974,250	370,252,888	386,014,415
At the close of the previous reporting period	13,351,587	1,435,690	974,250	305,213,254	320,974,781

4. Net Deferred tax (liability) /asset

Particulars	As at 31-03-16 Rs.	As at 31-03-15 Rs.
i) Deferred tax liability:		
a) On account of depreciation on fixed assets	7,649,801	8,574,518
b) On account of timing differences in recognition of expenditure	-	-
Total	7,649,801	8,574,518
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure	1,827,826	4,508,454
b) On account disallowance under section 40 (ia)	-	-
c) On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961	-	-
Total	1,827,826	4,508,454
Net Deferred tax liability / (asset) (i - ii)	5,821,975	4,066,064

5. Long term Provisions :

Particulars	As at 31-03-16	As at 31-03-15
a) Provisions for employee benefits	5,137,758	4,201,971
Total	5,137,758	4,201,971

6. Trade Payables :

a) To Micro, Small and Medium Enterprises	-	-
b) Others*	41,437,402	42,412,626
Total	41,437,402	42,412,626

Note : The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with paid/payable as required under the act have not been given.

*Break up for b) Others		
Creditors for materials	32,819,096	21,239,367
Consultancy charges payable	6,734,736	6,820,995
Contract payable	1,883,570	14,352,264
Total	41,437,402	42,412,626

7. Other Current Liabilities :

	Rs.	Rs.
a) Other Payables		
Statutory Liabilities	15,054,564	18,949,916
Advance received from Customers	34,844,719	26,921,328
Amount Payable to Employees	4,122,804	3,511,227
Out Standing Expenses	19,144,187	17,707,638
Other Expenses Payable	20,499,035	20,499,035
Total	93,665,309	87,589,144

8. Short term provisions :

a) Provision for employee benefits	17,228,320	10,078,978
b) Provision for Income Tax 2014-15	-	29,000,000
c) Provision for Income Tax 2015-16 (Net of Advance Tax)	700,000	-
Total	17,928,320	39,078,978

9. Fixed Assets:

NOTES TO FINANCIAL STATEMENTS										
Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01-04-2015	Additions for the year	Deductions during the year	As at 31-03-2016	As at 01-04-2015	For the year	Deductions during the year	Adjusted to Reserves	As at 31-03-2016	As at 31-03-2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets										
Own assets										
Land										
- Free Hold	8,805,836	-	-	8,805,836	-	-	-	-	8,805,836	8,805,836
- Land & Site Development	8,491,855	-	-	8,491,855	-	-	-	-	8,491,855	8,491,855
Buildings	48,564,054			48,564,054	29,585,236	1,396,290	-	30,981,526	17,582,528	18,978,818
Plant & Machinery	306,132,586	2,849,727	-	308,982,313	263,712,495	7,309,074	-	271,021,569	37,960,744	42,420,091
Electrical Insulation	38,635,281	-	-	38,635,281	37,530,358	122,907	-	37,653,265	982,016	1,104,923
Furniture & Fixtures	3,843,001	302,681	-	4,145,682	2,893,845	520,010	-	3,413,855	731,827	949,156
Vehicles	8,961,759	6,234,246	4,916,673	10,279,332	6,259,964	1,263,825	1,438,593	6,085,196	4,194,136	2,701,795
Construction Machinery	480,450	-	-	480,450	477,802	-	-	477,802	2,648	2,648
Work Shop Equipment	389,730	-	-	389,730	386,182	-	-	386,182	3,548	3,548
Office equipment	-	-	-	-	-	-	-	-	-	-
Others (Specify nature)	-	-	-	-	-	-	-	-	-	-
Assets taken on finance lease										
	424,304,552	9,386,654	4,916,673	428,774,533	340,845,882	10,612,106	1,438,593	350,019,395	78,755,138	83,458,670
Intangible assets										
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
TOTAL	424,304,552	9,386,654	4,916,673	428,774,533	340,845,882	10,612,106	1,438,593	350,019,395	78,755,138	83,458,670
Previous Year	398,032,672	26,271,880	-	424,304,552	329,774,690	14,097,114	(4,915,278)	1,889,356	340,845,882	68,257,982

10. Capital work in progress:		Rs.	Rs.
Particulars	As at 31-03-16	As at 31-03-15	
i) Plant & Machinery			
Opening Balance	-	52,217,260	
Add : Addition during the year/Adjustment	5,843,177	(29,519,579)	
	5,843,177	22,697,681	
Less: Capitalised during the year	-	22,697,681	
Sub Total - A	5,843,177	-	
ii) Buildings			
Opening Balance	-	-	
Add: Addition during the year	-	-	
Less: Reversed and debited to Repairs and Buildings	-	-	
	-	-	
Less: Capitalised during the year	-	-	
Sub Total - B	-	-	
TOTAL (A + B)	5,843,177	-	
Less:			
Provision for impairment	-	-	
Total	5,843,177	-	

11. Non Current Investments:		As at 31-03-16	As at 31-03-15
Particulars			
a) Investments in Equity Instruments:			
i) Fully paid up Equity Shares			
- HCL Agro Power Limited	6,000,000	6,000,000	
	6,000,000	6,000,000	
Less:			
Provision for dimunition in value of investments	-	-	
Total	6,000,000	6,000,000	

Additional Information:			
1. Aggregate value of unquoted investments:			
Cost		6,000,000	6,000,000
Share Capital in HCL Agro Power Ltd (600,000 Equity Shares of Rs.10/- each Fully Paid up)			

12. Long term loans and advances:

Particulars	Rs.	Rs.
	As at 31-03-16	As at 31-03-15
i) Capital advances	7,559,663	1,494,000
ii) Security Deposits	28,563,534	28,405,434
iii) Loans and advances to related parties**	180,209,081	178,157,367
Total	216,332,278	208,056,801
Additional information:		
1. Breakup of above :		
i) Secured, considered good		
ii) Unsecured, considered good	216,332,278	208,056,801
iii) Doubtful	-	-
Sub Total	216,332,278	208,056,801
Less :		
Provision for doubtful advances	-	-
Total	216,332,278	208,056,801
** break up of (iii) Loans and advances to related parties		
Debts due by firm or company in which any director is a partner or a director		
HCL Agro Power Ltd	166,561,358	162,627,081
SRM Transport India Pvt. Ltd	13,647,723	15,530,286
	180,209,081	178,157,367

13. Inventories :

Particulars	As at 31-03-16	As at 31-03-15
i) Raw materials	24,867,371	27,143,661
ii) Work in progress	31,701,193	28,301,765
iii) Finished goods	5,196,385	2,880,080
iv) Stores and spares	20,227,106	19,762,075
v) Others- Packing	1,035,807	1,042,901
Total	83,027,862	79,130,481

14. Trade receivables:		Rs.	Rs.
Particulars	As at 31-03-16	As at 31-03-15	
i) Outstanding for exceeding six months	2,700,424	5,743,100	
ii) Others***	28,978,137	47,675,347	
	31,678,561	53,418,447	
Less: Provision for doubtful debts	-	-	
Total	31,678,561	53,418,447	
Additional information:			
1. Breakup of above :			
i) Secured, considered good	-	-	
ii) Unsecured, considered good	31,678,561	53,418,447	
iii) Doubtful	-	-	
	31,678,561	53,418,447	
Less :			
Provision for doubtful advances	-	-	
Total	31,678,561	53,418,447	
*** Debts includes due by firm or company in which any director is a partner or a director			
SRM Civil Works Pvt.Ltd.,	7,452,443	21,032,781	
SRM Global Cements Corporation Ltd.,	16,183,634	20,608,706	
	23,636,077	41,641,487	
15. Cash and Bank balances:			
Particulars	As 31-03-16	As 31-03-15	
i) Cash & Cash Equivalents			
- Cash on Hand	37,604	97,774	
- Balance in Current Account	55,189,945	55,746,856	
Total - A	55,227,549	55,844,630	
II) Other Balance			
- In Margin Money, Security for Borrowings, Guarantees and other commitments	6,334,101	5,907,078	
- in deposit accounts maturing in more than 3 months	67,286,623	5,918,802	
Total - B	73,620,724	11,825,880	
Total (A + B)	128,848,273	67,670,510	

16. Short term loans and advances:

Particulars	Rs.	Rs.
	As at 31-03-16	As at 31-03-15
i) Loans and advances to related parties		
ii) Others		
Advance for Raw Material and Stores	16,363,430	17,221,896
Advances for Other Expenses	11,213,085	16,013,256
	27,576,515	33,235,152
Less: Provision for doubtful advances	-	-
Total	27,576,515	33,235,152
Additional information:		
1) Breakup of above:		
i) Secured, considered good		
ii) Unsecured, considered good	27,576,515	33,235,152
iii) Doubtful	-	-
Sub Total	27,576,515	33,235,152
Less:		
Provision for doubtful amounts		
Total	27,576,515	33,235,152

17. Other Current Assets (specify nature)

Particulars	As at 31-03-16	As at 31-03-15
Advance Tax, TDS and TCS Receivable	33,708,319	25,464,413
Prepaid Expenses	701,714	5,052,324
CENVAT and Service Tax Input Credit	3,452,557	2,406,635
Staff Advance	368,612	889,541
Other receivable	412,173	240,591
Total	38,643,375	34,053,504

Particulars	Rs.	Rs.
	As at 31-03-16	As at 31-03-15
18. Revenue from operations:		
(i) Sale of products		
Cement	1,049,296,027	967,475,573
Clinker	50,400	839
Scrap Sales	-	-
	1,049,346,427	967,476,412
Less:		
Excise duty	128,893,571	122,249,118
Total	920,452,856	845,227,294
19 Other Income:		
i) Interest income		
- Interest on Bank FD	6,867,107	2,091,641
- Interest on Electricity Deposit	2,166,936	2,021,440
ii) Scrap sales	-	664,709
iii) Credit Balance written back	407,408	-
Total	9,441,451	4,777,790
20 Cost of materials consumed:		
i) Consumption of raw materials	410,915,552	353,606,083
ii) Consumption of stores and spare parts	39,514,291	37,595,982
iii) Consumption of Packing Material	36,582,145	43,404,666
Total	487,011,988	434,606,731
break up for i) Consumption of major raw materials		
a) Clay Consumption	520,887	745,448
b) Coal Consumption	286,403,541	240,180,300
c) Fly Ash Consumption	8,337,564	10,237,336
d) Gypsum Consumption	21,881,997	20,785,522
e) Iron Ore Consumption	-	538,606
f) Lateriate Consumption	32,120,755	28,643,691
g) Limestone Consumption	61,650,808	47,698,098
h) Chilly Spent Consumption	-	4,777,082
Total	410,915,552	353,606,083

21. Changes in inventories of finished goods, work in progress and stock in trade:

Particulars	Rs.	
	As at 31-03-16	As at 31-03-15
Stocks at the end of the year		
i) Work in progress		
Clinker	31,701,193	28,301,765
ii) Finished goods		
Cement	4,636,800	2,486,400
Total - A	36,337,993	30,788,165
Less:		
Stocks at the beginning of the year		
i) Work in progress		
Clinker	28,301,765	21,134,224
ii) Finished goods		
Cement	2,486,400	5,186,400
Total - B	30,788,165	26,320,624
Total (A - B)	5,549,827	4,467,541
22. Power Charges :		
Power Charges	178,086,887	174,781,040
Total	178,086,887	174,781,040
23. Employee Benefit Expenses:		
i) Salaries and wages	46,839,190	42,878,866
ii) Directors Remuneration	7,800,000	7,200,000
iii) Directors Remuneration - Productivity Incentive	1,060,561	-
iv) Contribution to provident and other funds	2,471,605	2,016,715
v) Gratuity	1,652,949	1,324,844
vi) Bonus and Incentive	19,423,490	8,315,116
vii) Earned Leaves	3,713,429	3,392,810
viii) Staff welfare expenses	5,413,051	6,447,424
viii) Deputation Staff Salaries	796,500	-
Total	89,170,775	71,575,775
24 Finance Costs:		
i) Interest expense on others	192,854	18,524
ii) Bank Charges	47,728	477,655
iii) Interest on Income Tax	1,354,098	52
Total	1,594,680	496,231
25 Depreciation and amortization:		
i) Depreciation	10,612,106	14,097,114
ii) Less: Excess Depreciation - earlier years	-	(4,915,278)
iii) Others		
Total	10,612,106	9,181,836

Particulars	Rs.	Rs.
	As at 31-03-16	As at 31-03-15
26 Selling & Distribution expenses :		
i) Selling expenses	2,657,916	2,325,182
ii) Cement Outward Freight	10,719,840	13,448,009
Total	13,377,756	15,773,191
27 Other expenses:		
i) Rent	365,000	394,000
ii) Factory Maintenance	13,057,626	16,043,659
iii) Repairs to Plant and Machinery	4,980,775	4,215,294
iv) Repairs to Other Assets	326,579	750,000
v) Repairs to Buildings	162,679	472,181
vi) Rates and taxes	1,942,544	2,695,030
vii) Licence Fee	418,516	596,459
viii) Insurance	858,158	895,309
ix) Printing and Stationery	810,682	749,971
x) Postages & Telecommunication	3,558,823	1,118,448
xi) Payment to the auditors		
- as audit Fee	400,000	400,000
- for taxation matters	50,000	50,000
- for Audit Expenses	43,843	18,171
- for Certificate Fee	-	-
xii) Conveyance , Travelling exp and others	2,343,209	2,286,369
xiii) Legal and professional charges	2,675,453	1,805,936
xiv) Freight Cooley & Cartage	5,926,923	1,744,813
xv) General Expenses	5,403,191	5,396,558
xvi) Security Charges	2,852,427	1,985,447
xvii) CSR Expenses	828,304	-
xviii) Swachh Bharat Cess (SBC)	155,372	-
xix) Miscellaneous expenses	3,180,376	5,910,319
xx) Loss on sale of asset	253,918	
Total	50,594,398	47,527,964

1. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016**Summary of Significant Accounting policies:****Corporation Information**

The company was incorporated on 20th April, 1981 under the provision of the Companies Act 1956, as a Public Limited Company. The Company suffered losses and was declared a sick Company in the year 1998 under the Sick Industrial Companies (Special Provision) Act, 1985. After prolonged proceedings, the Company was declared as healthy one in the year 2011 and was discharged from the purview of the BIFR on 27th July 2011.

Basis of Preparation

The Financial statements have been prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) to comply with the Accounting standards specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

a. Presentation and Disclosure of accounting policy :

During the year ended 31 March 2016, the Schedule III notified under the Companies Act 2013, has been applied for preparation and presentation of its financial statements. It has significant impact on presentation and disclosures made in the financial statement. The Company also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles that require management to make estimates and assumptions that affect the reported value of assets and liabilities on the date of the financial statements and reported amount of revenue and expenditure for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c. Revenue recognition:

Revenue from sales is recognized on dispatch to customers and is recorded net of Excise Duty and Sales tax.

d. Fixed assets:

All the Fixed Assets are stated at cost together with resultant write-up due to revaluation as there may be and by reducing depreciation, wherever applicable. Cost comprises the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

e. Depreciation:

- i. Depreciation on buildings, plant & machinery and electrical installations is provided on straight-line method and on written down value method on other assets in accordance with the rules prescribed under part "C" of Schedule II of the Companies Act, 2013.
- ii. The company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.
- iii. In the case of revalued assets, the difference between the depreciation based on revaluation and the depreciation charged on historical cost is transferred from revaluation reserve to profit and loss account.

f. Capital work-in-progress:

The cost incurred for fixed assets under construction/installation are included under capital work-in-progress and the same are classified to the respective assets on the completion.

g. Investments:

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Investments other than Long Term Investments are stated at cost or market value whichever is less. Any increase/reduction in the carrying cost is credited / charged to the Profit and Loss account.

h. Inventories:

- i. Stock of raw materials are stated at cost and valued on weighted average basis.
- ii. Stores & Spare parts are stated at cost and valued on FIFO basis.
- iii. Work-in-progress is stated at cost.
- iv. Finished goods are valued at the lower of costs or net realizable value.

i. Retirement Benefits:

The company has Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund. The Company contributes to State Plans namely Employees' State Insurance Fund and Employees Pension Scheme, 1995.

i) Gratuity: The Company has no gratuity fund scheme as on date. The gratuity is being paid as and when payment arises. The liability for the Gratuity Fund is determined on the basis of an independent actuarial valuation done at the year-end. Actuarial Gains and Losses comprise experienced adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Profit and Loss Account as income or expense.

- ii) Leave Encashment: The Company's Leave encashment policy entitles the employees to accumulate leave for future encashment or availment. The Company determines the liability for such accumulated leaves at each Balance Sheet date and the same is charged to revenue accordingly.

j. Borrowing cost:

Borrowing Costs that are directly attributable to the acquisition of a fixed asset are capitalized as part of the cost of the asset till the date the asset is ready for commercial use. All other borrowing costs are charged to revenue.

k. Income Tax:

- i. The current charge for tax is calculated in accordance with relevant tax regulation applicable to the company.
- ii. The deferred tax for the timing difference between the book and tax profits for the year is accounted for by using tax rates and laws that have been substantially enacted as of the Balance Sheet date.
- iii. Deferred tax Assets arriving from timing difference are recognized and carried forward only if there is reasonable certainty that they will be realized in future and reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

l. Earning Per Share :

The basic Earnings Per Share (EPS) is computed by dividing Net Profit after tax for the year by the weighted average number of Equity Shares outstanding during the year.

m. Impairment of Assets :

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

n. Provisions and Contingent Liabilities :

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation of a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

28. OTHER NOTES FORMING PART OF ACCOUNTS :
1. Contingent Liabilities not provided for

Particulars	As on 31.03.2016 Rs. in Lakhs	As on 31.03.2015 Rs. in Lakhs
Bank Guarantees (BG given to Singareni collories for Fuel Supply Agreement expires in September 2017 and Indian Bureau of Mines)	63.34	63.34
Pending Labour case before High Court of Andhra Pradesh	0.86	0.86
Demand for Income tax for Asst year 2008-09 on re-opening the assessment was appealed and was awarded in our favor by the CIT(Appeals)-2, Hyderabad vide ITA No.0212/DC-2(2)/CIT(A)-2/2014-15 Dt.27.2.15. The Income tax dept. appealed against CIT(Appeals)-2, Hyderabad to The Income tax Appellate Tribunal Hyderabad. The company is confident of favorable order.	265.86	-
Demand for Income tax for Asst year 2012-13 as per AO dated 31.3.15 is appealed before the Commissioner of Appeals-2, Hyderabad. The company is confident of favorable appeal and hence no liability is provided.	330.88	330.88

2. There is a Capital commitment by the company towards modernization of factory packing plant which is in progress. During the year 2015-16 the company incurred an amount of Rs.58.43 lakhs as CWIP. The Company projected an amount of Rs. 129.15 lakhs to be incurred to complete the packing plant modernization during 2016-17. (Previous Year Rs. NIL).
3. The Company has entered into an agreement with HCL Agro Power Limited for purchase of 1.5 M.W. of power per hour from 1.7.2013 on a captive basis and relevant declarations have also been given to APSPDCL. Payments were made periodically calculating the power requirements but as their generation did not stabilize, no power was flown till March 2016. However, the company is confident of recovering the moneys so far paid.
4. The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with paid/payable as required under the act have not been given. This has been relied upon by the Auditors.
5. Excise Duty amounting to Rs. 5,59,585/- (Previous Year Rs. 3,93,680) on Closing Stock of finished Goods has been provided during the year to comply with ' Guidance Note on Accounting treatment for Excise duty' issued by Institute of Chartered Accountants of India.

6. Managerial Remuneration:

Details of remuneration paid to Director&CEO, Managing Director and Chairman:

Amount in Rupees

Particulars	For the Period Ended 31.03.2016	For the Year Ended 31.03.2015
Remuneration	1,17,09,299	81,74,000
Total	1,17,09,299	81,74,000

7. Employee Benefits:

In accordance with Accounting Standard 15 “Employees Benefits”, the Company has classified various benefits provided to employees as under:

i. Defined Benefit Plans:

Provision for Gratuity & Leave Encashment has been provided in accordance with AS-15 (Revised).

- a. Disclosure relating to Employee benefits – As per AS 15 (Revised) For defined benefit plan – Gratuity (Projected Unit Credit Method)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Amount in Rupees

Particulars	For The Period Ended 31.03.2016	For The Period Ended 31.03.2015
Changes in Present Value of Obligation		
Opening defined benefit obligation	4,555,948	3,399,598
Current services cost	825,779	894,397
Interest cost	336,053	298,382
Past Service Cost	—	—
Benefits paid	(461,874)	(168,494)
Actuarial losses/ (gain) on obligation	491,117	132,065
Closing defined benefit obligation	5,747,023	4,555,948

Amount in Rupees		
Particulars	For The Period Ended 31.03.2016	For The Period Ended 31.03.2015
Changes in the Fair Value of Plan Assets		
Opening fair value of plan assets	—	—
Expected return on plan assets	—	—
Actuarial gains / (losses)	—	—
Contributions by employer	461,874	168,494
Benefits paid	(461,874)	(168,494)
Closing fair value of plan assets	—	—
Amount Recognized in the Balance Sheet		
Particulars	For The Period Ended 31.03.2016	For The Period Ended 31.03.2015
Present Value of Obligation as at the end of the year	5,747,023	4,555,948
Fair Value of Plan Assets as at the end of the year	—	—
Liability/(Asset) recognized in the Balance Sheet	5,747,023	4,555,948
Expense recognized in statement of Profit and Loss Account		
Particulars	For The Period Ended 31.03.2016	For The Period Ended 31.03.2015
Current services cost	825,779	894,397
Interest on Defined Benefit Obligation	336,053	298,382
Past Service Cost	—	—
Expected return on plan assets	—	—
Curtailment Cost/(Credit)	—	—
Settlement Cost/(Credit)	—	—
Net actuarial losses / (gains) recognized for the period	491,117	132,065
Total Expenses Recognised in the Profit and Loss Account	1,652,949	1,324,844
Summary of Actuarial Assumptions		
Financial assumptions at the valuation date:		
Particulars	For The Period Ended 31.03.2016	For The Period Ended 31.03.2015
Discount Rate	7.46%	7.77%
Expected Rate of Return on Plan Assets	—	—
Rate of increase in Compensation levels	4.00%	4.00%
Expected Average remaining working lives of employees (in years)	10.17	10.56

b. Other Employee Benefit Plan

The liability for Leave Encashment as at the year end is Rs.68,39,454 (previous year Rs.73,23,680) and the assumptions are as same as above.

8. Amount of borrowing costs capitalized during the year Rs. Nil.

9. Segmental Information:

Since the company has only one segment, i.e.; Cement Manufacturing, Separate information on Segment reporting as per the Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants is not required.

10. Related Party Disclosures:

As required under Accounting Standard 18 "Related party Disclosures", following are details of transactions during the year with the related parties of the Company as defined in AS 18:

a) Name of the related parties and description of their relationship:

1	Key Managerial Personnel:	Shri. P.Ravi (Chairman) Shri. K.Gopi Prasad (Managing Director) Shri. Vivek Sivaraman (Director & CEO) Mr. Velli Paramasivam (Company Secretary)
2	Director's Interested Companies	M/s HCL Agro Power Ltd M/s. SRM Transports India Pvt Ltd M/s SRM Civil Works Pvt Ltd M/s.SRM Engineering Construction Corporation Ltd M/s. SRM Global Cements Corporation Ltd M/s. SRM Infrastructures Ltd
3	Relatives of Key Management Personnel	Shri. T.R.Pachamuthu Shri. P. Sathyanarayanan

b) Related Party Transactions for the period ended 31st March 2016

Amount In Rupees

Particulars	KMP	Director Interest Companies	Relative of KMP
Sales of Goods			
HCL Agro Power Ltd		Nil (P.Y Nil)	
SRM Civil Works Pvt Ltd (Inclusive of duties & taxes)		51,098,705 (P.Y 21,162,671)	
SRM Global Cements Corporation Ltd (Inclusive of duties & taxes)		214,850,710 (P.Y 170,890,747)	
SRM Engineering Construction Corporation Ltd		Nil (P.Y 4,962,020)	
SRM Engineering Science & Tech (Inclusive of duties & taxes)		12,377,750 (PY Nil)	
Expenses			
SRM Transports India Pvt. Ltd (Transport outward)		10,719,840 (P.Y: 12,027,120)	
Remuneration			
K Gopi Prasad - Managing Director	600,000 (P.Y. 600,000)		
P Ravi - Chairman (including Incentive)	4,005,299 (P.Y.3,000,000)		
Vivek Sivaraman - Director & CEO (Including Bonus and Earned leaves)	7,104,000 (P.Y 4,574,000)		
Velli Paramasivam - Company Secretary	1,452,000 (P.Y.262,677)		
Rent Paid			
Shri. T.R. Pachamuthu			300,000 (P.Y 300,000)
Loans and Advances Given			
HCL Agro Power Ltd		4,719,387 (P.Y 15,975,816)	
Loans and Advances Received back			
HCL Agro Power Ltd		785,110 (P.Y 15,985,876)	

c) Year end Balances :

Amount In Rupees

Particulars	KMP	Director Interest Companies	Relative of KMP
Loans and Advance Receivable			
HCL Agro Power Ltd		166,561,358 (P.Y 162,627,081)	
SRM Transports India Pvt Ltd		13,647,723 (P.Y 15,530,286)	
Trade Receivables			
SRM Civil Works Pvt Ltd		7,452,443 (P.Y 21,032,781)	
SRM Global Cement Corporation Ltd		16,183,634 (P.Y 20,608,706)	
SRM Institute of Science & Technology		1,710,450 (P.Y Nil)	
Trade Payable			
SRM Transports India Pvt Ltd		Nil (P.Y. 3,527,120)	

11. Earnings Per Share is calculated as follows:

Particulars	For the Period Ended 31.03.2016	For the Year Ended 31.03.2015
Net Profit after tax available for Equity shareholders	65,039,639	68,099,675
Weighted average of number of Equity shares outstanding during the year	6,670,000	6,670,000
Basic and Diluted Earnings per Equity share (in Rs.)		
Before Extraordinary Items	9.75	10.21
After Extraordinary Items (Rs.10/- Face Value)	9.75	10.21

12. Deferred Tax (Liabilities) / Deferred Tax Assets :

Particulars	As at 31st March, 2016	As at 31st March, 2015
Deferred Tax Assets		
On account of :		
Disallowances U/s 43B	1,755,910	4,508,454
TOTAL	1,755,910	4,508,454
Deferred Tax Liabilities		
On account of depreciation	6,577,885	8,574,519
TOTAL	6,577,885	8,574,519
Net Deferred Tax Asset / (Liability)	(58,21,975)	(4,066,065)

13. Under Section 135 of the Companies Act, 2013 the company is required to spend a total amount of Rs. 9,97,507/= for the year 2015-16 on account of CSR activities . For this obligation, the company spent Rs. 8, 28,304/= during the year 2015-16.
14. Value of Imports made by the Company during the financial year 2015-16 is Nil.
15. Expenditure incurred in Foreign Currency during the financial year 2015-16 is Nil.
16. Earnings in Foreign Currency during the financial year 2015-16 is Nil.
17. Sundry debtors, creditors and loans and advances are subject to confirmation.
18. Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date
For B.PURUSHOTTAM & CO
Chartered Accountants
(Firm Regn.No.002808S)

B.S. PURSHOTHAM
PARTNER
M No : 026785

PLACE : CHENNAI
DATE : 31-05-2016

for and on behalf of the Board

P. RAVI
Chairman
DIN : 00675665

VELLI PARAMASIVAM
Company Secretary

VIVEK SIVARAMAN
Director & CEO
DIN : 05223790

HEMADRI CEMENTS LIMITED
FIVE YEARS FINANCIAL HIGHLIGHTS [Rs. In lakhs]

Parameters/Year	2015-16	2014-15	2013-14	2012-13	2011-12
OPERATING RESULTS					
Net Sales	9,204.53	8,452.27	7,078.86	7,232.85	8,299.57
Profit Before Tax	1,049.96	1,005.30	388.43	401.78	1,568.03
Profit After Tax	650.40	681.00	55.81	291.76	1,089.42
Net Cash Accrual	552.28	558.45	325.59	645.00	1,051.63
Dividend [incl. Div. Tax]	Nil	Nil	Nil	Nil	Nil
SOURCES & APPLICATION OF FUNDS					
SOURCE OF FUNDS					
Equity Share Capital	667.00	667.00	667.00	667.00	667.00
Reserves & Surplus	3,209.75	2,528.75	2,491.84	2,200.08	1,121.39
Profit and Loss Account	650.40	681.00	55.81	291.76	1,089.42
Net Worth	4,527.14	3,876.75	3,214.64	3,158.84	2,877.81
Loan Funds	Nil	Nil	Nil	Nil	Nil
Deferred Tax Liability [Net]	58.22	40.66	6.36	32.17	74.48
Funds employed	Nil	Nil	Nil	Nil	Nil
APPLICATION OF FUNDS					
Fixed Assets: Net	845.97	834.59	1,204.75	1,096.20	722.66
Investments	60.00	60.00	60.00	60.00	60.00
Net Current Assets	1,567.44	984.27	1,556.35	1,505.15	1,899.60
Net Assets	2,473.41	1,878.86	2,821.10	2,661.34	2,682.25
RATIOS					
PBT to Sales (%)	11.41	11.89	5.49	5.55	18.89
PAT to Sales (%)	7.07	8.06	0.79	4.03	13.13
Earning per share	9.75	10.21	0.84	4.37	16.33
Dividend (%)	Nil	Nil	Nil	Nil	Nil

HEMADRI CEMENTS LIMITED

CIN : L26942AP1981PLC002995

Regd Office & Factory: Vedadri Village, Jagayyapet Mandal, Krishna District, Andhra Pradesh

Form No. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014)

Name of the member(s) :

Registered address :

Email ID :

Folio / DP ID - Client ID No

I/We, being the member holding..... shares of M/s. Hemadri Cements Ltd hereby appoint :

1. Name :

Address :

Signature

or failing him;

Email ID

2. Name :

Address :

Signature

or failing him;

Email ID

as my proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th General meeting of the company, to be held on Wednesday, 28th September 2016 at 3.00 pm at the Registered Office of the Company at Vedadri Village and at any adjournment there of in respect of such resolution as are indicated below

Resolution No.	RESOLUTIONS	Optional*	
Ordinary Business		For	Against
1.	Adoption of Financial Statement for the year ended 31st March 2016		
2.	To appoint a Director in the place of Shri. P.Ravi		
3.	To appoint a Director in the place of Shri. Sivaraman Vivekanandan Murugan		
4.	Reappointment of B. Purushottam & Co. Chartered Accountants, as Auditors and fixing their remuneration		
Special Business			
5.	Revision of remuneration to Shri.Sivaraman Vivekanandan Murugan		
6.	Reappointment of Shri.P.Ravi as Chairman and remuneration payable		

Signed this _____ day of _____ 2016

signature of shareholder_____ Signature of Proxy holder(s)_____

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.